

# EXHIBIT 167

Reed, Larry

September 26, 2007

Baltimore, MD

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UNITED STATES DISTRICT COURT  
OF THE DISTRICT OF MASSACHUSETTS

-----x  
IN RE: PHARMACEUTICAL : MDL NO. 1456  
INDUSTRY AVERAGE WHOLESALE : CIVIL ACTION  
PRICE LITIGATION : 01-CV-12257-PBS  
THIS DOCUMENT RELATES TO :  
U.S. ex rel. Ven-A-Care of : Judge Patti B.  
The Florida Keys, Inc., : Saris  
Plaintiff, :  
vs. :  
ABBOTT LABORATORIES, INC., : Chief Magistrate  
No. 06-CV-11337-PBS : Judge Marianne B.  
Defendants. : Bowler  
-----x

VOLUME I

Baltimore, Maryland

Wednesday, September 26, 2007

Videotape Deposition of:

LARRY REED,

the witness, was called for examination by counsel  
for the Defendants, pursuant to notice, commencing

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202-220-4158

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<p>1 at 9:26 a.m., at the law offices of      2 Hogan &amp; Hartson, 111 South Calvert Street,      3 Baltimore, Maryland, before Dawn A. Jaques,      4 Certified Shorthand Reporter and Notary Public in      5 and for the State of Maryland, when were present      6 on behalf of the respective parties:</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22 (CAPTIONS CONTINUED)</p>	<p>1 IN THE COURT OF THE SECOND JUDICIAL CIRCUIT      2 IN AND FOR LEON COUNTY, FLORIDA      3 THE STATE OF FLORIDA      4 ex rel.      5 -----x      6 VEN-A-CARE OF THE FLORIDA :      7 KEYS, INC., a Florida :      8 Corporation, by and through :      9 its principal officers and :      10 directors, ZACHARY T. :      11 BENTLEY and T. MARK JONES, :      12 Plaintiffs, :      13 vs. :      14 MYLAN LABORATORIES, INC., : Civil Action No.:      15 MYLAN PHARMACEUTICALS, INC., : 98-3032G      16 NOVOPHARM LTD., SCHEIN :      17 PHARMACEUTICAL, INC., TEVA : Judge William L.      18 PHARMACEUTICAL INDUSTRIES : Gary      19 LTD, TEVA PHARMACEUTICAL USA,:      20 WATSON PHARMACEUTICALS, INC.,:      21 Defendants. :      22 -----x</p>
Page 3	Page 5
<p>1 IN THE CIRCUIT COURT      2 OF MONTGOMERY COUNTY, ALABAMA      3 -----x      4 STATE OF ALABAMA, :      5 Plaintiff, : Case No.      6 vs. : CV-05-219      7 ABBOTT LABORATORIES, :      8 INC., et al., : Judge Charles      9 Defendants. : Price      10 -----x      11      12      13 IN THE CIRCUIT COURT OF THE FIRST CIRCUIT      14 STATE OF HAWAII      15 -----x      16 STATE OF HAWAII, :      17 Plaintiff, : Case No.      18 vs. : 06-10720-04-EEH      19 ABBOTT LABORATORIES, et al., : Judge Eden      20 Defendants. : Elizabeth Hifo      21 -----X      22</p>	<p>1 FRANKLIN CIRCUIT COURT - DIVISION II      2 CIVIL ACTION NO. 03-CI-1134      3      4 -----X      5 COMMONWEALTH OF KENTUCKY, :      6 Plaintiff, :      7 vs. : Judge      8 : Crittenden      9 ABBOTT LABORATORIES, INC., :      10 Defendant. :      11 -----X      12      13 STATE OF WISCONSIN CIRCUIT COURT      14 DANE COUNTY      15 Branch 9      16 -----x      17 STATE OF WISCONSIN, :      18 Plaintiff, :      19 vs. : Case No.      20 AMGEN, INC., et al., : 04-CV-1709      21 Defendants. :      22 -----x</p>

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1 STATE OF SOUTH CAROLINA : IN THE COURT OF 2 COUNTY OF RICHMOND : COMMON PLEAS 3 -----X FOR THE FIFTH 4 STATE OF SOUTH CAROLINA : JUDICIAL DISTRICT 5 and HENRY D. McMASTER : Case No. 6 in his official capacity : 2006-CP-40-4394 7 as Attorney General for : 8 the State of South : 9 Carolina, : 10 Plaintiffs, : 11 vs. : 12 ABBOTT LABORATORIES, : 13 Defendant. : 14 -----X 15 16 17 18 19 20 21 22 (CAPTIONS CONTINUED)	1 APPEARANCES 2 3 On behalf of the United States of America: 4 5 ANA MARIA MARTINEZ, ESQ. 6 United States Department of Justice 7 Assistant United States Attorney 8 Southern District of Florida 9 99 N.E. 4th Street 10 Miami, Florida 33132 11 TELEPHONE: (305) 961-9431 12 E-MAIL: Ana.maria.martinez@usdoj.gov 13 -and- 14 JUSTIN DRAYCOTT, ESQ. 15 United States Department of Justice 16 Civil Division 17 P.O. Box 261 18 Ben Franklin Station 19 Washington, D.C. 20044 20 TELEPHONE: (202) 305-9300 21 E-MAIL: Justin.draycott@usdoj.gov
Page 7	Page 9
1 STATE OF SOUTH CAROLINA : IN THE COURT OF 2 COUNTY OF RICHMOND : COMMON PLEAS 3 : FOR THE FIFTH 4 : JUDICIAL CIRCUIT 5 STATE OF SOUTH CAROLINA : 6 and HENRY D. McMASTER, : 7 in his official capacity : 8 as Attorney General for : 9 the State of South : Civil Action No. 10 Carolina, : 07-CP-40-0285 11 Plaintiff, : 12 vs. : Civil Action No. 13 SANDOZ, INC., : 07-CP-40-0287 14 Defendant. : 15 -----X 16 17 18 19 20 21 22	1 APPEARANCES (Continued): 2 3 On behalf of Ven-A-Care: 4 5 ROSLYN G. POLLACK, ESQ. 6 Berger & Montague, P.C. 7 1622 Locust Street 8 Philadelphia, Pennsylvania 19103-6305 9 TELEPHONE: (215) 875-4666 10 E-MAIL: rpollack@bm.net 11 12 On behalf of U.S. Department of 13 Health and Human Services: 14 15 LESLIE STAFFORD, ESQ. 16 U.S. Department of Health and 17 Human Services 18 Office of General Counsel, CMS Division 19 7500 Security Boulevard 20 Mail Stop C2-05-23 21 Baltimore, Maryland 21244-1850 22 TELEPHONE: (410) 786-9655

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1 APPEARANCES (Continued):	1 APPEARANCES (Continued):
2	2
3 On behalf of City of New York and New York	3 On behalf of GlaxoSmithKline:
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12 E-MAIL: Michael@winget-hernandez.com	12 On behalf of Bristol-Myers Squibb Company:
13	13 (via telephone)
14 On behalf of Abbott Laboratories:	14
15	15 SANDHYA P. KAWATRA, ESQ.
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22	22 (Continued)
Page 11	Page 13
1 APPEARANCES (Continued):	1 APPEARANCES (Continued):
2	2
3 On behalf of Dey, Inc.:	3 On behalf of Baxter Health Care Corporation
4	4 (via telephone):
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12 On behalf of Roxane Laboratories and	12
13 Boehringer Ingelheim:	13 On behalf of the State of Alabama (via telephone):
14	14
15 ERIC GORTNER, ESQ.	15 W. DANIEL (DEE) MILES, III
16 Kirkland & Ellis LLP	16 Beasley, Allen, Crow, Methvin,
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22 (Continued)	22 (Continued)

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1	APPEARANCES (Continued):	1	I-N-D-E-X
2		2	WITNESS: PAGE:
3	On behalf of Sandoz, Inc. (via telephone):	3	LARRY REED
4		4	Examination by Mr. Torborg..... 029
5	DAVID L. KLEINMAN, ESQ.	5	
6	White & Case LLP	6	
7	1155 Avenue of the Americas	7	E-X-H-I-B-I-T-S
8	New York, New York 10036-2787	8	NUMBER DESCRIPTION PAGE
9	TELEPHONE: (212) 819-8254	9	Exhibit Abbott 321-Plaintiffs' Rule 26(a)(1)
10		10	Disclosures..... 151
11	On behalf of the State of California	11	Exhibit Abbott 322-Documentation, Bates Stamp
12	(via telephone):	12	Nos. HHC007-0979 through 80. 231
13		13	Exhibit Abbott 323-Documentation, Bates Stamp
14	RITA HANSCOM, ESQ.	14	Nos. TX-ABT_00013723
15	Bureau of Medi-Cal Fraud & Elder Abuse	15	through 32..... 234
16	Office of the Attorney General	16	
17	California Department of Justice	17	
18	TELEPHONE: (619) 688-6099	18	
19		19	
20		20	
21		21	
22	(Continued)	22	
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1	APPEARANCES (Continued):	1	PROCEEDINGS
2		2	
3	On behalf of the State of Florida (via telephone):	3	THE VIDEOGRAPHER: Good morning. This
4		4	is the video deposition of Larry Reed in the
5	MARY S. MILLER, ESQ.	5	matter of In Re: Pharmaceutical Industry Average
6	Office of the Attorney General of Florida	6	Wholesale Price Litigation, MDL No. 1456, Civil
7	PL-01, The Capitol	7	Action No. 01-CV-12257-PVS, in the United States
8	Tallahassee, Florida 32399-1050	8	District Court for the District of Massachusetts.
9	TELEPHONE: (850) 414-3600	9	This document relates to U.S. ex rel.
10		10	Ven-A-Care of Florida Keys, Inc., versus Abbott
11		11	Laboratories, Inc., Case No. 06-CV-11337-PBS,
12		12	held in the offices of Hogan & Hartson at 111
13		13	South Calvert Street, Baltimore, Maryland, on
14		14	this date, Wednesday, September 22nd, 2000 --
15		15	correction, Wednesday, September 26th, 2007, at
16		16	the time indicated on the video screen, 9:26 a.m.
17		17	My name is Ellen Heber; I am the legal
18		18	video specialist. The court reporter is Dawn
19		19	Jaques. We are employed by Henderson Legal
20		20	Services.
21		21	Counsel will now introduce themselves
22		22	and the parties they represent, after which the

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<p>1    drugs, both single and multiple source (even if 2    the drug has a MAC)."</p> <p>3       Earlier today, Mr. Reed, you made 4       reference to some federal regulations relating to 5       estimated acquisition cost, and I believe you 6       said there was some language you're familiar with 7       about what governs that.</p> <p>8       Is this language familiar to you as 9       that language?</p> <p>10      A. Parts of it are. Parts of it look to 11     be different than what the current regulations 12     are governing EAC.</p> <p>13      MS. MARTINEZ: For the record, I do 14     believe in 1987 there was a slight change in the 15     regulations.</p> <p>16      BY MR. TORBORG:</p> <p>17      Q. Okay. If I could ask you to go to the 18     top of the third page of the document, it has a 19     number in the upper right-hand corner, 10.193.</p> <p>20      The report states, "Within the 21     pharmaceutical industry, AWP means non-discounted 22     list price."</p>	<p>1       that list price or what price I would equate that 2       with.</p> <p>3       Q. What does the term "list price" mean? 4       Are you familiar with that term in this industry?</p> <p>5       A. I've heard it mentioned on many 6       occasions.</p> <p>7       Q. What is your understanding of what it 8       means?</p> <p>9       A. A list price would be a full price that 10      a purchaser may or may not obtain a drug at.</p> <p>11      Q. And you've heard the term AWP referred 12      to or analogized to a sticker price on a car; is 13      that fair to say?</p> <p>14      A. I have heard that term, yes.</p> <p>15      Q. And have you also heard the term 16      average wholesale price being called ain't what's 17      paid, right?</p> <p>18      A. It took a long time to get to that 19      joke, but we finally got there, yeah.</p> <p>20      Q. Okay. When did you get to that joke?</p> <p>21      A. For you to get to that joke --</p> <p>22      Q. Yes.</p>
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<p>1       Mr. Reed, was that consistent with your 2       understanding of what the term "AWP" meant in the 3       pharmaceutical industry?</p> <p>4       A. At this point in time? I wasn't 5       working in the program at this point in time.</p> <p>6       Q. When you started your position in 1990 7       on the Medicaid side working on prescription drug 8       issues, was this sentence consistent with your 9       understanding of what the term AWP meant?</p> <p>10      A. To qualify that a little bit, if AWP 11      meant the published price in a pricing compendia 12      that the state would have referenced or used in a 13      state plan amendment, then it would be -- it 14      would be my understanding that that AWP would be 15      more than the state should pay for the drug. In 16      other words, AWP should be discounted.</p> <p>17      Q. Was it your understanding that AWP 18      referred to a non-discounted list price?</p> <p>19      A. It's my understanding that AWP is a 20      price, again, that was reported in the compendia 21      that would be more than what a state would pay 22      for a drug. I'm not quite sure if I would equate</p>	<p>1       A. -- today.</p> <p>2       Q. Okay. Yes, it is 3:30.</p> <p>3       When did you learn about that?</p> <p>4       A. The saying has been around for a long, 5       long time.</p> <p>6       Q. If I could ask you to flip forward in 7       this document to the page ending -- or with the 8       number in the upper right-hand corner 10,205, I'd 9       like to read some of the language in the last 10      paragraph and ask you some questions about it.</p> <p>11      Actually, why don't you just read that 12      to yourself, and then I'll follow up some --</p> <p>13      A. The last paragraph on that page 14      beginning on February 22nd?</p> <p>15      Q. Yes --</p> <p>16      A. Okay.</p> <p>17      Q. -- and then continuing over to the next 18      page.</p> <p>19                  (A discussion was held off the 20      record.)</p> <p>21      THE WITNESS: Just until the top of 22      conclusions on the next page?</p>

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